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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

JAN 15 1998

In the Matter of )

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Implementation of the Pay )  
Telephone Reclassification )  
and Compensation Provisions )  
of the Telecommunications )  
Act of 1996 )

CC Docket No. 96-128

**COMMENTS OF WORLDCOM, INC. ON ITA'S PETITION  
FOR RECONSIDERATION**

WorldCom, Inc. ("WorldCom"), by its undersigned counsel, hereby responds to the Public Notice, DA 97-2734, released December 31, 1997, which invites comments concerning the International Telecard Association's ("ITA") Petition for Partial Reconsideration of the Coding Digit Waiver Order.<sup>1</sup>

**I. INTRODUCTION**

ITA, a trade association representing prepaid phone service providers, seeks reconsideration of the Coding Digit Waiver Order which waives the requirement, established in the Payphone Orders<sup>2</sup>, that payphone service providers transmit payphone specific coding digits sufficient to allow real-time identification of compensable toll-free and access code calls originating from payphones. ITA's Petition accurately describes the harmful consequences which have resulted from the flawed Coding Digit

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<sup>1</sup>Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket 96-128, Order, DA 97-2162 (Com. Car. Bur., Oct. 7, 1997).

<sup>2</sup>See Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, Order on Reconsideration, at para. 64.

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Waiver Order. As discussed below, ITA's Petition is supported by good cause and the relief which ITA requests should be granted.<sup>3</sup>

## II. DISCUSSION

WorldCom has already filed comments opposing any ratification of the anomalous Coding Digit Waiver Order by the Commission, and will not repeat those arguments here. It should be sufficient to note that WorldCom and other carrier payors have identified numerous examples of how the Coding Digit Waiver Order has eviscerated the entire call tracking system which lies at the heart of the "market-based" per-call compensation scheme.

ITA's Petition focuses on a single and particularly compelling problem created for prepaid card services by the Coding Digit Waiver Order. WorldCom, through its operating subsidiaries, is a substantial provider of prepaid calling card services and is experiencing first hand the problems which are the foundation for ITA's Petition.

As ITA points out in its Petition, the Bureau's reasoning in its Coding Digit Waiver Order that interexchange carriers ("IXCs") would not be harmed by requiring per-call compensation,

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<sup>3</sup>WorldCom files these comments with faint optimism. ITA's Petition, filed on November 6, 1997, languished for nearly two months prior to issuance of a public notice. In stark contrast, the Coding Digit Waiver Order which necessitated ITA's Petition was granted scarcely one week after payphone interests filed their "waiver" requests, and without any opportunity for public comment. The Commission's delay in seeking comments on ITA's Petition has merely compounded the prejudicial effects of the Coding Digit Waiver Order. Even if the Commission grants the relief requested by ITA, which it should, the temporary waiver will expire in early March, rendering ITA's request largely moot.

despite the absence of real-time identification, clearly does not apply to prepaid card providers. ITA explains that the Bureau's assumption that a limited waiver "will not significantly harm any parties" overlooks the fundamental differences between prepaid phone services and postpaid "800" and calling card services. ITA's Petition outlines the Bureau's belief that the availability of lists of payphone ANIs will allow IXCs to retroactively identify payphone calls for the purpose of determining the number of calls for which compensation is owed. ITA then explains how these lists are utterly inapplicable and useless for prepaid calling card services.

Prepaid card service providers have but one opportunity to recover payphone compensation expenses from users of their cards. This opportunity is at the time the call is placed. The use of ANI lists to correlate compensable calls, a dubious prospect for postpaid services, is completely impossible for prepaid services.

In the absence of real-time information which specifically identifies the line as a payphone, the prepaid card service providers face a Hobson's choice. On the one hand, the provider may absorb the substantial compensation expense, with no hope for repayment. The alternative is to collect compensation surcharges even from users who are not at a payphone. The first alternative invites economic suicide for carriers whose customers make more than a minimal percentage of calls from payphones, while the second is likely to result only in widespread consumer

dissatisfaction.<sup>4</sup> ITA's Petition claims that prepaid card providers will be irreparably injured without the ability to track and/or block payphone originated calls in real-time. While WorldCom agrees that irreparable harm will result, ITA is not required to prove irreparable harm in order for the Commission to act favorably on its reconsideration request.

ITA's Petition asks the Commission to "preclude PSPs from assessing any per-call compensation charges on providers of prepaid services for the duration of the six month waiver...."<sup>5</sup> As Worldcom understands ITA's Petition, ITA may be asking for a waiver of the obligation to pay compensation on any payphone originated call. Relief this broad is probably unnecessary and may be unintended by ITA. However, WorldCom believes the Commission should grant ITA's Petition for Reconsideration to the extent that it would relieve prepaid card service providers from the obligation to pay compensation for calls originating from payphones which do not transmit real-time payphone info digits as part of ANI. This

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<sup>4</sup>WorldCom's operating subsidiaries have filed tariff revisions which provide for the assessment of usage surcharges on prepaid card calls originating from payphones and from other lines which transmit coding digits (ANI ii 07) commonly associated with payphone lines. Since the 07 info digit pair misidentifies a significant number of calls, WorldCom has received many calls to its Customer Service centers complaining about the imposition of a surcharge on calls placed from other than payphones. During the first week of introduction of the surcharge on prepaid cards, over 91% of customer complaints received were based on the fact that a call showed an 07 info digit, but was not originated from a payphone. More than 70% of complaints received concerning the surcharge involved calls placed from a residential line for which outbound "1+" calling had been restricted.

<sup>5</sup>Petition at 2.

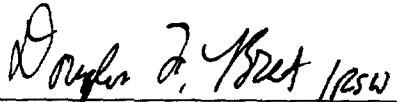
narrow relief would serve the public interest by eliminating the harms identified in ITA's Petition, while permitting PSPs to continue to receive compensation from the vast majority of payphones which transmit accurate identifying digits thereby permitting collection of a payphone surcharge from debit card users. Thus, the relief requested by ITA would not undermine the purposes of the compensation rules.

### **III. CONCLUSION**

For the foregoing reasons, WorldCom recommends that the Commission construe ITA's Petition for Partial Reconsideration as a request for waiver, and waive the obligation of IXC payors to pay compensation for any call which: 1) fails to include info digits 27, 29 or 70; and 2) is charged to a prepaid calling card.

Respectfully submitted,

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January 15, 1998

**CERTIFICATE OF SERVICE**

I, Cecelia Y. Johnson, hereby certify that I have this 15th day of January, 1998, sent a copy of the foregoing "Comments of WorldCom, Inc." by first-class U.S. mail, postage prepaid, or hand delivery, to the following:

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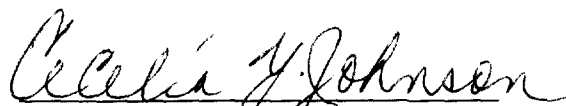
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